at Trichur which were undertaken during the current year will be completed in the course of the coming year, and adequate provision has been made for these works in the budget estimate. When these extensions are completed there will be additional accommodation amounting to 64 beds. A Dental Section has been opened in the General Hospital, and a Radium Theatre has also been constructed. The radium treatment will be available very shortly. With a view to manufacture locally the tinctures required by the Medical Department, a scheme has recently been sanctioned for this manufacture in the laboratory attached to the Maharaja's College. The work will be started early in 1115. In accordance with the advice of the Public Health Commissioner with the Government of India, a scheme for mosquito control at Mattancheri and Ernakulam has recently been sanctioned and the additional staff has been entertained. The preparation of plans and estimates for up-to-date drainage schemes for these two towns will be taken up immediately. With a view to spread out the beneficent activities of the Public Health Department more directly into the hearts of the villages, it has been decided to abolish two of the Health Centres and utilise the savings in increasing the number of midwives in rural areas. Special encouragement was given to non-credit co-operative societies by the grant of loans on easy terms and free grants in certain special cases. A central cottage industries marketing society has been organised at Trichur with a view to facilitate marketing of cottage industrial products. The work in the Rural Development Centre is progressing satisfactorily, and a Rural Exhibition held at Cherpu stimulated great interest amidst the rural population. The first Rural Development Conference held at Ernakulam in connection with the last Birthday of His Highness the Maharaja was a great success, and it gave opportunities for all those engaged in rural development work to meet together and co-ordinate their efforts. All these works to which I have made reference are clear indications of the anxiety of Government to devote more and more attention to the working of the nation-building departments so that the maximum possible benefit could be secured for the rural population.

BURDEN OF TAXATION

7. A comparative study of the budget for 1115 with the budget of a decade back will show that during the last ten years there has been a remarkable increase in the expenditure on the nation-building departments without any serious extra burden being laid on the shoulders of the taxpayer. The total expenditure of the State in the year 1105 was Rs. 83·33 lakhs, and the budgetted expenditure for 1115 is Rs. 102·87 lakhs. There has thus been an increase in the total expenditure of the State to the extent of Rs. 19·54 lakhs. If you study the figures of expenditure on the nation-building

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departments, you will find that, while in 1105 the expenditure was Rs. 20·71 lakhs, in 1115 we have budgetted for an expenditure of Rs. 32·64 lakhs for these departments. During this decade the only additional burden imposed upon the taxpayer is the income and super tax which is expected to yield Rs. 6½ lakhs in the coming year. It will thus be seen that there has been a very remarkable growth in the expenditure of the State on the nation-building departments without imposing serious burdens on the taxpayer. While we are on this subject of the tax burden, it will be interesting to study to what extent the taxpayer is paying either directly or indirectly for the activities of the State. The net anticipated revenue of the State for 1115, after deducting the gross expenditure on railways, is approximately Rs. 95 lakhs. The direct and indirect taxes in this State are land revenue, salt, excise, tobacco, income-tax and the excise duty on matches. These are expected to yield a revenue of approximately Rs. 38 lakhs. The taxpayer in this State is, therefore, paying only Rs. 38 lakhs out of a total revenue of Rs. 95 lakhs. The balance of Rs. 57 lakhs is derived from sources other than taxation, namely, income from railways, return on capital works and the customs revenue. Out of Rs. 57 lakhs derived from these non-tax sources, customs alone account for Rs. 24·25 lakhs. If you study the corresponding figures from the budgets of any of the Provincial Governments in India, you will find that the taxpayer is bearing the brunt of the expenditure of the Province. The examination of our budget from this point of view will further lead one to the inevitable conclusion that the Cochin State is one of the most lightly taxed States in India, and the complaint that we sometimes hear of the agriculturist of this State groaning under a heavy burden of taxation is, to say the least, an unwarranted exaggeration and has no relation to the facts of the situation.

8. The position relating to the debts that we owe is equally sound and satisfactory. At the end of 1115 our liabilities will stand approximately at Rs. 158 lakhs. This figure is made up of (*a*) Rs. 105 lakhs, Public Loan; (*b*) Rs. 22 lakhs, loans due to the Government of India; and (*c*) Rs. 31 lakhs, being the amount to the credit of various personal deposit accounts. As against this liability our total assets will stand at about Rs. 317 lakhs. In the banks and in our treasuries alone we would be having Rs. 64 lakhs, and in Government securities we have Rs. 40½ lakhs. The balance is invested either in reproductive enterprises or in the form of recoverable loans and advances to Municipalities and the Harbour. It would thus be seen that our assets far exceed our liabilities and that a considerable portion of the assets is in a liquid form.

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